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August 17, 2006

VIA ELECTRONIC FILING AND OVERNIGHT DELIVERY

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 06-36

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), are Bay State's responses to the following Information Requests:

HESS 2-1 HESS 2-2 HESS 2-3 HESS 2-4 HESS 2-5

HESS 2-6 HESS 2-7 HESS 2-8 HESS 2-9 HESS 2-10

HESS 2-11

Please do not hesitate to contact me if you have any questions.

Very truly yours,

Patricia M. French

cc: Julie Howley Westwater, Esq., Hearing Officer
Jamie M. Tosches, Esq., Office of the Attorney General
Service List (Electronic Service per the Ground Rules)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
SECOND SET OF INFORMATION REQUESTS FROM HESS CORPORATION
D.T.E. 06-36

Date: August 17, 2006

Responsible: Joseph A. Ferro, Manager Regulatory Policy

HESS 2-1: Has Bay State considered real time metering as used for its special contract customers instead of flow control metering to monitor over takes? What is the cost of real-time metering? What is the useful life of this type of metering?

RESPONSE: Real-time metering would enable Bay State to monitor customer usage. However, real-time metering would not allow the Company to determine customer-specific overtakes due to the nomination flexibility accorded to suppliers pursuant to Bay State's Distribution and Default Service Terms and Conditions and the terms and conditions of service for upstream pipelines used by suppliers to deliver gas to Bay State. Moreover, real-time metering would not allow Bay State to comply with the Department's directive in D.T.E. 02-75A to address the operational issues of a potential loss of system pressure by shutting-off grandfathered customers.

Bay State has not performed an evaluation of the costs of real-time metering of its grandfathered firm transportation customers.

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Responsible: Joseph A. Ferro, Manager Regulatory Policy

HESS 2-2: Please provide the aggregate design day MDQs of grandfathered customers separately for the Brockton Pool and the Springfield/Lawrence pools.

RESPONSE: The design day MDQs of grandfathered customers for the Brockton and Springfield/Lawrence pools as determined at the time of the filing are as follows:

Pool	MDQ/Design Day Requirement (Dth)
Brockton	25,511
Springfield/Lawrence	33,335

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HESS 2-3: Under what circumstances does Bay State adjust customer MDQs/TCQs?

RESPONSE: Bay State Gas Company will review any TCQ at a customer's request to insure that our calculation accurately reflects the peak day requirements of an account. This is typically initiated by a customer who can demonstrate a material and permanent change in the account's load profile or by one who feels there has been as error in the Peak Day Requirement calculation. Further, each October Bay State's CIS system automatically recalculates every account's TCQ and updates the number for all non-transporting accounts.

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Date: August 17, 2006

Responsible: Francisco C. DaFonte, Director, Energy Supply Services

HESS 2-4: How does Bay State intend to represent the 30% reserve in its supply planning forecast? As a 365 day need? A 151 day need? A 10 day need? Or only a design day need?

RESPONSE: Bay State will first establish a design day need that incorporates the proposed 30% reserve. Bay State will then run its SENDOUT® simulation and optimization model under design winter conditions to test various resource alternatives to ensure that there is no supply shortfall. During this process SENDOUT® establishes optimal design day and seasonal contract quantities for the selected resource(s). The seasonal contract quantity need will depend largely on the load profile of the grandfathered customers but should most likely be no more than 30 days.

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HESS 2-5: Please provide the following?

a. the number of the largest customers associated with 50 percent of the grandfathered load,

b. the number of the largest customers associated with 75 percent of the grandfathered load,

c. the number of the largest customers associated with 90 percent of the grandfathered load.

RESPONSE:

a. The largest 217 grandfathered customers are associated with 50% of the grandfathered load.

b. The largest 354 grandfathered customers are associated with 75% of the grandfathered load.

c. The largest 890 grandfathered customers are associated with 90% of the grandfathered load.

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Responsible: Joseph A. Ferro, Manager Regulatory Policy

HESS 2-6: Has Bay State performed a comparative cost analysis between installing flow control meters on the grandfathered customers and a range of costs for the 30 percent reserve? If so, please provide such analysis.

RESPONSE: The anticipated cost of the incremental planning standard is presented at page 14 of Mr. Ferro's Direct Testimony. The anticipated cost of installing flow-control metering is presented at pages 5-6 of Mr. Ferro's Direct Testimony and is greater than the cost of the incremental planning standard. As described on page 6 of this testimony, the approximate capital cost per customer of installing flow-control metering of $20,000 yields an annual cost of $3,134 for approximately 1,750 grandfathered customers, or $5.5 million of annual costs or revenue requirement. This $5.5 million compares to the total CECRC annual costs provided on Attachment JAF-3 and stated on page 14 of $2.3 million.

Further, Mr. Ferro cited the benefits of the proposed incremental planning standard, which include: (i) the ability for customers and their suppliers to continue to realize the economic benefits of their capacity exemption, (ii) lower costs compared to the installation of flow-control metering, (iii) elimination of shut-off risks for grandfathered customers, and (iv) ease of the transition for customers that desire to return to sales service.

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HESS 2-7: Regarding DTE 1-18 and Hess 1-13, at what point does Bay State read daily meters, process information and distribute it to marketers?

RESPONSE: Bay State reads a daily metered account at 10 a.m. each day, processes the information during the day and posts that information each night via an ftp web site for the marketer. That ftp site maintains daily meter reading information for the previous seven days.

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Responsible: Francisco C. DaFonte, Director, Energy Supply Services

HESS 2-8: Regarding Hess 1-26, when does Bay State anticipate the need for additional capacity in the Springfield and Lawrence divisions if a 30% reserve is approved?

RESPONSE: The Company is assuming the question refers to Hess 1-2.

Given a 1% growth assumption used in its most recently approved load forecast and supply plan (DTE 02-75), Bay State anticipates a capacity deficiency of approximately 1,928 MMBtu will exist in the Springfield/Lawrence division in 2008-2009 if a 30% reserve is approved.

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Date: August 17, 2006

Responsible: Francisco C. DaFonte, Director, Energy Supply Services

HESS 2-9: Has Bay State sold delivered gas to its Northern affiliate or purchased delivered gas from its Northern affiliate in the last 5 years? If so, when? And how much?

RESPONSE: Bay State has not purchased or sold any delivered gas from its Northern affiliate in the last 5 years.

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Responsible: Francisco C. DaFonte, Director, Energy Supply Services

HESS 2-10: Regarding Hess 1-21, has Bay State had to call upon it emergency plans in the past? If so, when, and what were the circumstances and the outcome?

RESPONSE: Bay State has not had to call on its emergency curtailment plan in the recent past. Bay State had a customer outage in its Lawrence division back in 1999, but that was due to a coupling failure. The problem was isolated on the distribution system and the curtailment plan was not invoked.

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Responsible: Francisco C. DaFonte, Director, Energy Supply Services

HESS 2-11: Has Bay State ever declared a marketer specific OFO? If so, what was the circumstance?

RESPONSE: Bay State has never declared a marketer specific OFO. Bay State issues OFO's in accordance with section 19 of its Distribution and Default Service Terms and Conditions. Bay State has generally invoked OFO's in conjunction with upstream pipeline OFO's but has the ability to issue OFO's anytime it feels that its distribution system integrity is at risk.